

# Sustainable Procurement Best Practice Recommendations

Saint Mary's University  
MBA750 Capstone Project



The Most Livable  
City in America



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# Agenda

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- Cell Phone Procurement
- Water Meter Procurement
- Training Contract Procurement
- Feasibility of Performance Based Contracts
- Questions

# Cell Phone Procurement



# Cell Phone Procurement: Present Process Analysis

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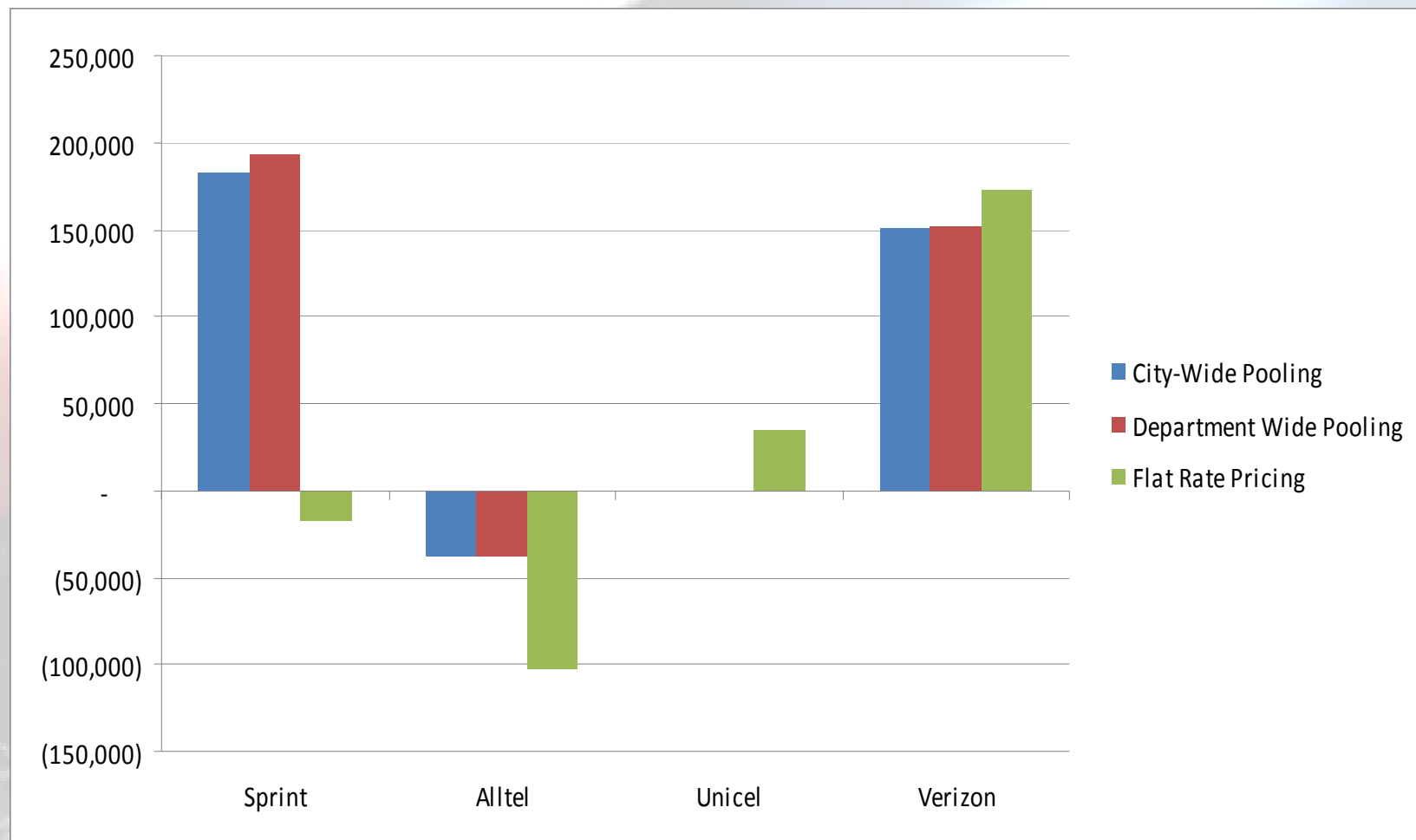
- Strengths
  - Each department determines their own criteria for phone and plan
  - Some departments currently taking advantage of pooled minute plans
- Weaknesses
  - City policy is not enforced
  - No monitors and controls in place

# Cell Phone Procurement: Present Process Analysis

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- Opportunities
  - Mandate a robust city wide policy
  - Huge savings by auditing and monitoring
- Threats
  - Resistance to the change to new policy
  - Inadequate resources for monitor and control

# Cell Phone Procurement: Cost Analysis – Projected Savings



# Cell Phone Procurement: Best Practices

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- Written citywide policy available to all employees
- Structure to manage cell phone usage
- Focus on continuous improvement

# Cell Phone Procurement: Recommendations

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- Review and update policy
  - Citywide General policy
  - Department wide detail policy
- Pool usage by departments
- Reduce variation of phones and plans



# Cell Phone Procurement: Recommendations

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- Monitor and control usage
  - Itemized cell phone bills for each employees
- Call for open bid for vendor selection
- Determine phone type based on business need
- Meet vendors annually to review better deals
- Disconnect phone when there is no need



# SPRWS Water Meter Procurement

# SPRWS Water Meter Procurement: Overview

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- Goal: replace all 93,000 residential water meters
- Initial project budget: \$20 Million
- Three different options based on technology utilization
- RFP awarded to TKDA November 23



# SPRWS Water Meter Procurement: Analysis

- Strengths
  - SPRWS supplies quality water for meters
  - SPRWS reads month by drive by reading
  - Independent study done on residential meters
- Weaknesses
  - Current plan does not mention conservation and sustainability
  - No plan on maintaining new meters



# SPRWS Water Meter Procurement: Best Practices

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- Sustainable procurement
  - Partnering with technology companies
  - Sustainable education
- Leveraging technology
  - Increase efficiency
  - Utilize advance meter reading
  - Reduce costs on meter reading

# SPRWS Water Meter Procurement: Best Practices

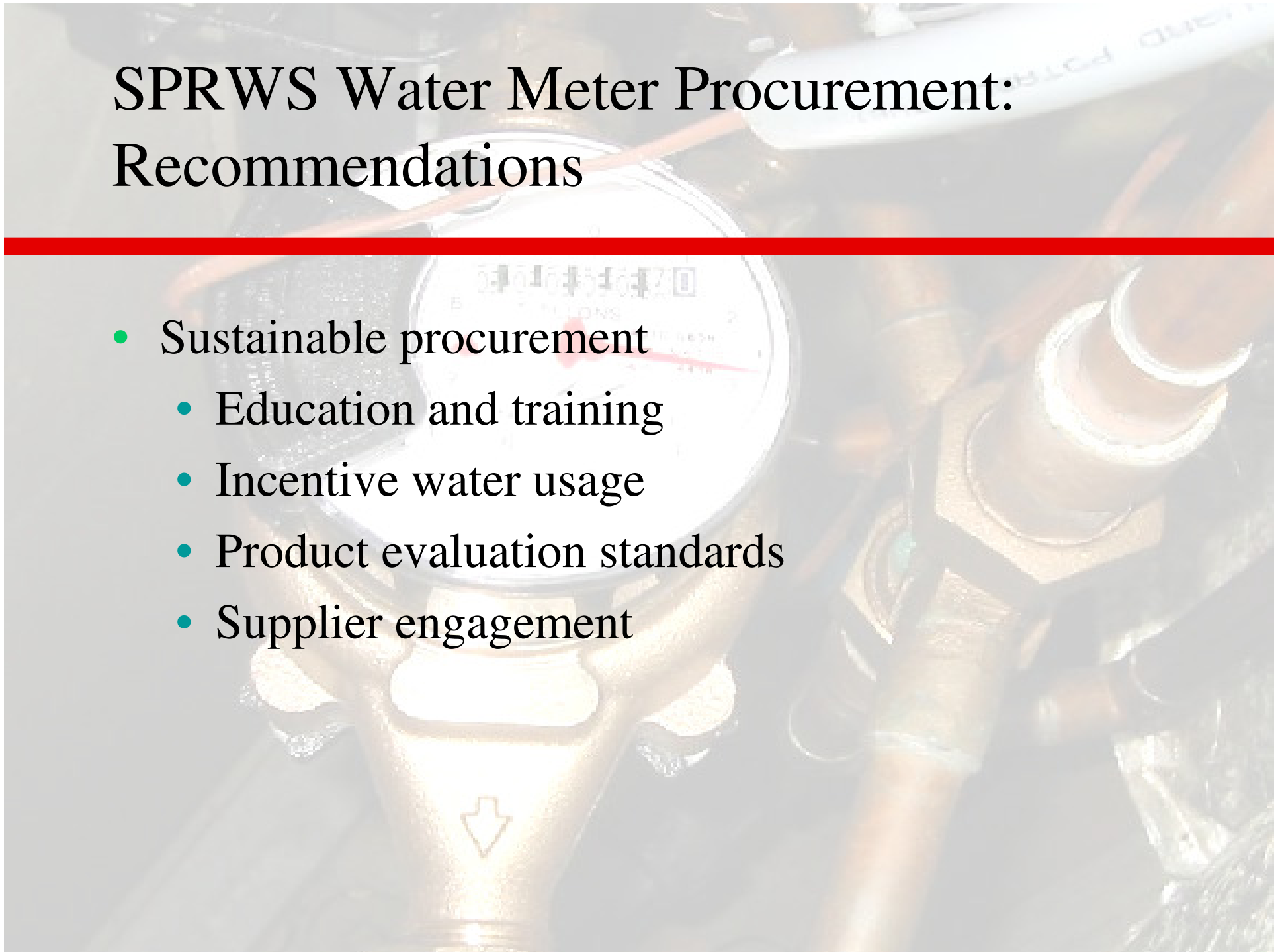
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- Billing and data management
  - Use of technology improves billing accuracy
  - Predictive trends on water use
  - Contract meter reading and billing
- Meter replacement
  - Increase testing frequency
  - Elimination of unaccounted for water usage

# SPRWS Water Meter Procurement: Recommendations

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- Sustainable procurement
  - Education and training
  - Incentive water usage
  - Product evaluation standards
  - Supplier engagement





# SPRWS Water Meter Procurement: Recommendations

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- Leveraging technology
  - Automate processes
  - Elimination of extensive consumption
  - Obtain continued feedback from the residents
- Billing and data management
  - Utilize new meters for automating billing
  - Obtain the ability to monitor data from usage



# SPRWS Water Meter Procurement: Recommendations

- Meter replacement
  - Establish process for testing of new meters
  - Begin replacement in region suspected of large loss





# Training Contract Procurement: Overview

- Typical contract length - 1 year
- Contract required for services over \$2,500
- Training is considered a professional service
- Department specific policies and procedures
- Common evaluation factors
  - Cost, quality, reputation (complaints, lawsuits, referrals), diversity, location



# Training Contract Procurement: Analysis

- Strengths
  - Open consideration of vendors
    - Multiple selection criteria used
  - Open to training partnerships
  - Practical training with multiple delivery methods
- Weaknesses
  - Selection criteria is subjective and non-standard
  - Minimal active partnering effort
  - Minimal focus on alignment
  - Minimal electronic training delivery



# Training Contract Procurement: Best Practices

- Training vendor selection
  - Use of a strategic sourcing process
  - Creation of a Contracting Officer Technical Representative (COTR) position
  - Use of comparison matrices
  - Seek to certify internal trainers



# Training Contract Procurement: Best Practices

- Training partnerships
  - Categorize: core skills, specialty skills, administrative skills, managerial development
  - Map cross-over training
  - Seek partnership opportunities
    - Share resources and benefits



# Training Contract Procurement: Best Practices

- Alignment with business objectives
  - Understand the organizations objectives
  - Gauge organizations performance of objectives
    - Balanced Scorecard
  - Gauge alignment of training with objectives
  - Seek to improve alignment



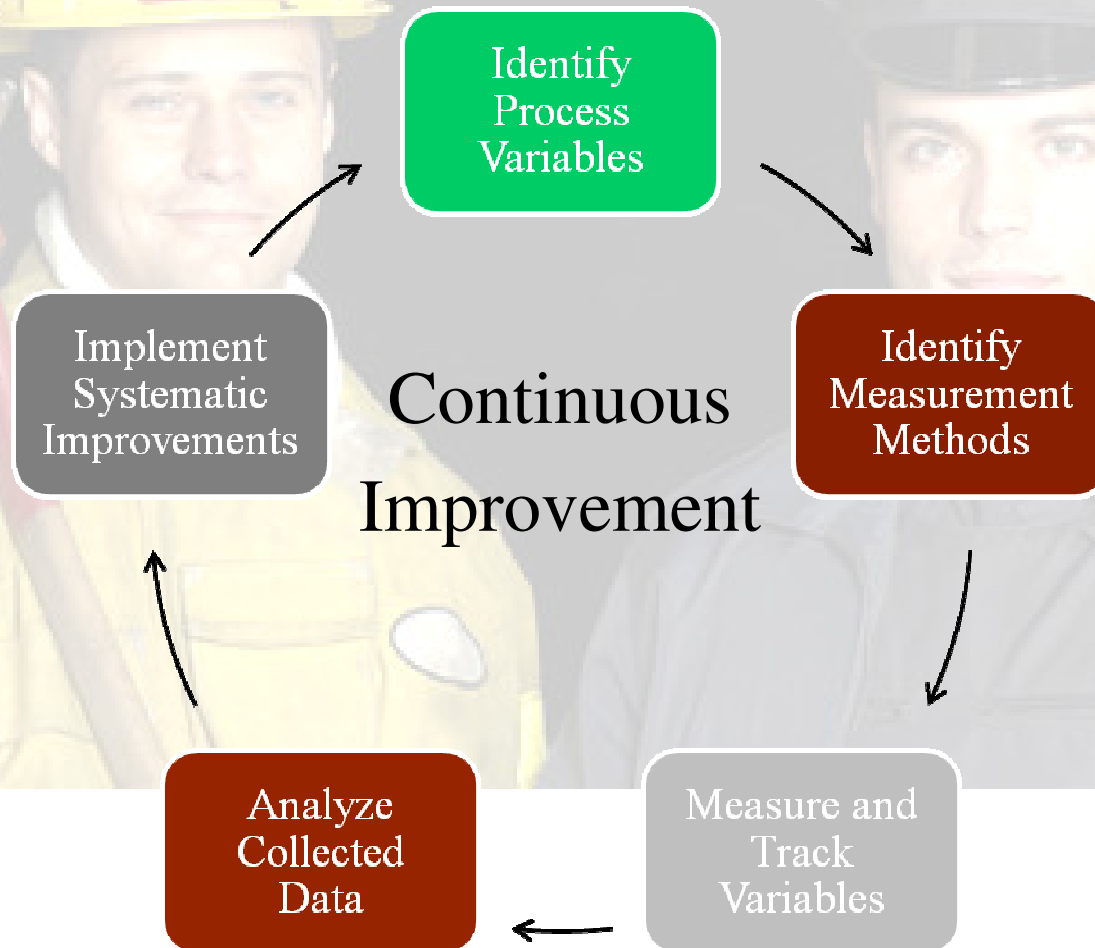
# Training Contract Procurement: Best Practices

- Training delivery methods
  - Assess training purpose and application
  - Determine highest value delivery method for each training course
    - Compatibility, effectiveness, efficiency
  - Work to shift delivery methods toward higher value





# Training Contract Procurement: Best Practices



# Training Contract Procurement: Recommendations

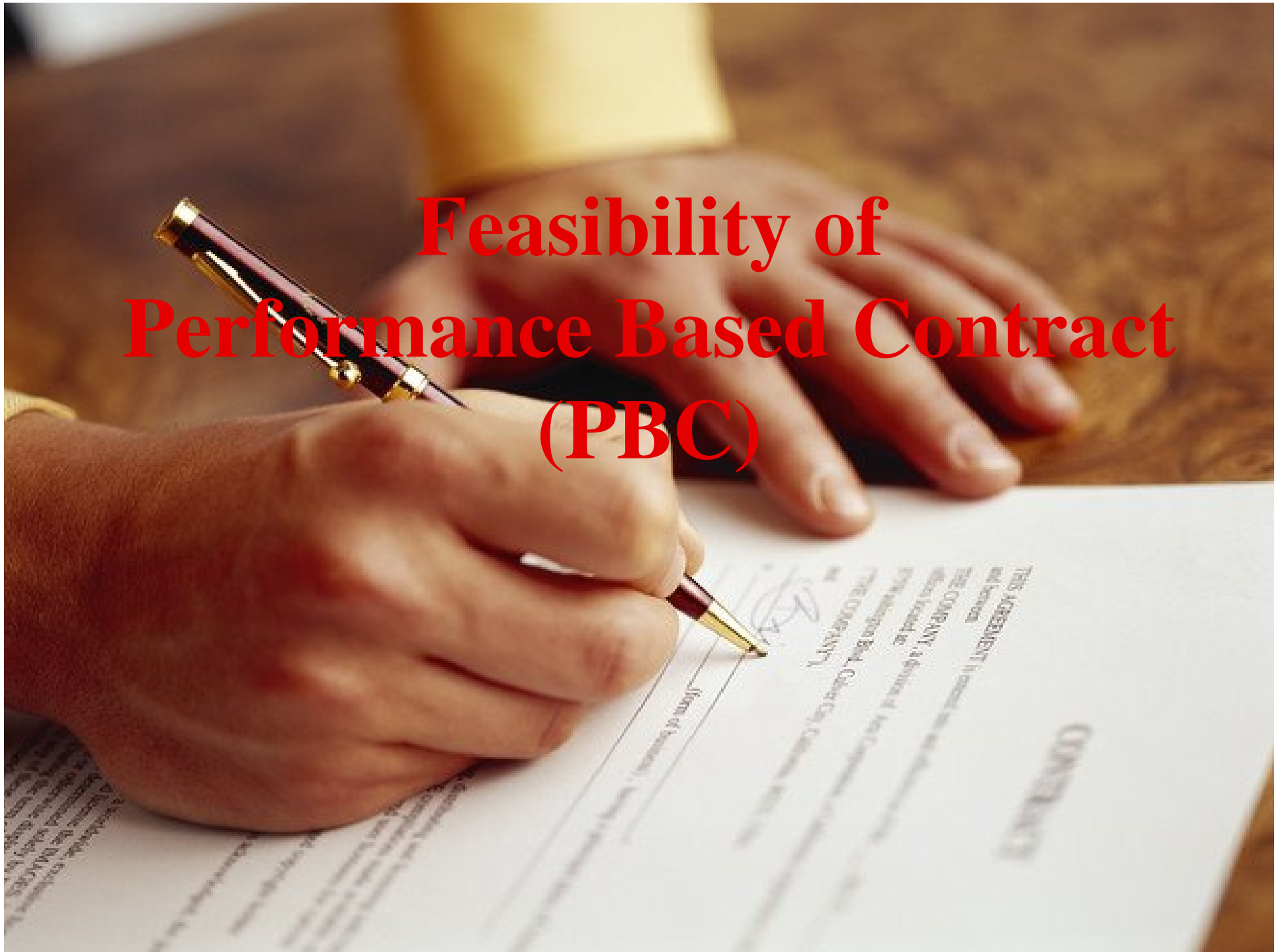
- Compilation of basic training procurement data
- Creation of a Contracting Officer Technical Representative (COTR) position
- Formation of committee for implementation of continuous improvement plan



# Training Contract Procurement: Recommendations

- Implementation of an assessment based on the Balanced Scorecard approach
- Evaluation of compatibility of training programs with delivery methods with respect to efficiency and effectiveness

# Feasibility of Performance Based Contract (PBC)



# Feasibility of PBC: Definition

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- Definition of PBC: Involves structuring all aspects of a purchase around the 'purpose' and 'outcome' desired as opposed to the 'process' by which the work is to be performed
  - Technique
  - Goal Oriented
  - Enhance
  - Results
  - Accountability
  - Measurable

# Feasibility of PBC: Key Components

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- Performance Work Statement (PWS)
- Quality Assurance Plan (QAP)
- Incentives (Positive and negative)

# Feasibility of PBC: Analysis

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- Strengths
  - Outcome based reimbursement vs. cost based reimbursement
  - Cost Saving Tool
- Weaknesses
  - Inadequate planning prior to the implementation of PBC
  - PBC favors large entities over small ones

# Feasibility of PBC: Analysis

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- Opportunities
  - Maximize competition and innovation
  - Achieve cost savings through performance requirements
- Threats
  - Contractor issues
  - Organizational issues



# Feasibility of PBC: Best Practices

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- Establish an integrated solutions team
- Describe the problem that needs solving
- Examine private-sector and public-sector solutions
- Develop a performance work statement
- Decide how to measure and manage performance
- Select the right contractor
- Manage performance

# Feasibility of PBC: Recommendations

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- Is PBC feasible?
- Implementation
  - Seven steps
- Lessons learned

# Questions...



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